a man who is possibly the most celebrated Korean American of them all. Ahn Chang Ho, often known by the name of Dosan or Iron Mountain, is credited by many as being the spiritual father of modern, independent and democratic Korea. His vision is what guides the Korean people to this day, first to free themselves from foreign occupation and now to unite Koreans in one unified, peaceful, and democratic nation.

Today, Korean Americans honor Dosan Ahn Chang Ho for his contributions to the Korean nation, but all Americans can take pride in the fact that much of Dosan's vision of Korean democracy was formed by his encounters with American democracy.

Ahn Chang Ho came to the United States in 1902 and stayed more than a decade. During this time, he worked tirelessly to unite the Korean community, founding schools and cultural organizations and helping to improve living and working conditions for his fellow Korean Americans; and along the way, he emerged as the spiritual leader of the Korean independence movement.

Dosan was not the only advocate for Korean independence at that time, but Dosan's values and approach were what set him apart. He was concerned not just with the means of achieving independence, but in educating Koreans in democratic governance and civic virtue, to ensure that independence would endure.

I am proud that I sponsored this bill on behalf of the Korean American community in my district. Dosan Ahn Chang Ho is not only a symbol of Korean success in America. He is also a symbol of the shared experience and shared democratic values of all Koreans and all Americans.

SMART SECURITY

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from California (Ms. WOOLSEY) is recognized for 5 minutes.

Ms. WOOLSEY. Mr. Speaker, I rise today to offer a new SMART approach to national security, an approach that emphasizes brains instead of brawn, one that is consistent with American values.

Talk about mistakes. It has been 1 year since the President of the United States, without just cause, or, in fact, being provoked, invaded Iraq. Hundreds of Americans have given their lives for this war, not to mention the thousands wounded, the billions of dollars spent, and the international goodwill squandered.

We were told that this war was necessary to keep us safe. We were told Saddam Hussein had the world's most dangerous weapons aimed at American cities. Now even the President makes tacky jokes about looking for the missing weapons of mass destruction under his sofa.

We were told by the administration that Saddam was in cahoots with al Qaeda. Now Richard Clark tells us that invading Iraq in response to 9/11 was as senseless as it would have been if FDR had attacked Mexico in response to Pearl Harbor.

The President's national security policy is not just immoral. It is incompetent. There has to be a better way and there is.

I have introduced legislation to create a SMART security platform for the 21st century. SMART stands for Sensible Multilateral American Response to Terrorism, and it has five major components.

In the first section, we address preventing future acts of terrorism. SMART security is more vigilant than the President on fighting terror; but instead of military force, SMART emphasizes multilateral partnerships and stronger intelligence capabilities to track and detain terrorists.

Second, we need to stop the spread of weapons of mass destruction; and we can do it with aggressive diplomacy, a commitment to nuclear nonproliferation, strong regional security arrangements, and vigorous inspection regimes.

Third, we must address terrorism's root causes. The first front in the war on terror has to be confronting the despair and deprivation that foster it. That is why SMART security includes an ambitious international development agenda: democracy-building, human rights education, and sustainable development and education for women and girls in oppressive nations. Instead of troops, let's send scientists, teachers, urban planners, agricultural experts, and small business loans to troubled parts of the world.

Fourth, let us rethink our budget priorities. We need stronger investments in peacekeeping and reconstruction, less spending on missile defense and outdated Cold War systems, a more serious financial commitment to homeland security and first responders, and a real strategy for energy independence, especially support for the development of renewable energy sources, because nothing threatens national security more than reliance on Middle Eastern oil.

Fifth, and the final section of the SMART security platform, stresses that the United States must pursue to the fullest extent alternatives to war. SMART security calls for prevention over preemption. War should be the very last resort to be considered, only after every single diplomatic solution has been exhausted.

The SMART legislation promotes more effective conflict assessment in early warning systems, multilateral rapid response mechanisms, human rights monitoring, civilian policing, and investments in civil society programs and fair judicial systems.

☐ 2030

Keeping Americans safe must be the Federal Government's most urgent priority. On that point, the President and I agree. But his mistake is in equating security with aggression and military force. In fact, his appetite for belligerence and bloodshed only weakens us and makes us more vulnerable, encouraging further violence and increasing the risk of nuclear destruction.

And while we are at it, maybe we ought to expand our definition of national security. Can a Nation whose public schools fail its poor children and leave more than 40 million of its people without health coverage truly be considered secure? The Bush doctrine has been tried, and it has failed. It is time for a new national security strategy.

Smart security defends America by relying on the very best of America: Our commitment to peace and freedom, our compassion for the people of the world, and our capacity to work with leadership around the world.

The SPEAKER pro tempore (Mr. BURNS). Under a previous order of the House, the gentlewoman from Texas (Ms. JACKSON-LEE) is recognized for 5 minutes.

(Ms. JACKSON-LEE of Texas addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.)

THE BUDGET

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 2003, the gentleman from South Carolina (Mr. SPRATT) is recognized for 60 minutes as the designee of the minority leader.

Mr. SPRATT. Mr. Speaker, as we meet tonight, this country, our government, is headed towards a deficit of $521 billion. That is not my estimate, that is the estimate of the Office of Management and Budget, the President's own budget shop. We have watched the initial returns from April 15 come in to see if there might be a revenue surprise, a bounce that will alleviate this problem, and thus far there is no early indication that there are any surprises coming. We are stuck with a $521 billion deficit this year.

Now, that would be bad by itself, $521 billion is a record deficit, but it is worse when you put it in context. Our budget, the budget of the United States, was in surplus by the amount of $236 billion as recently as the year 2000; in surplus by $127 billion in the year 2001, when Mr. Bush came to office. Indeed, he inherited a fiscal situation unlike any President who has taken office in recent years, yet now we find ourselves, 3 to 4 years later, in deficit by $521 billion.

The administration portrays itself as the hapless victim of circumstance. In truth, it is a victim of policies that it itself has chosen. It is a victim of the consequences of these policies which it has freely put in place against the warnings which they failed to heed on all sides. What we have had to witness here is painful for those of us who have committed our careers in the Congress, and I have been here for nearly 22 years, to putting the budget in balance and institutionalizing conservative fiscal policy. We have been forced to witness 15 years of fiscal discipline, 15 years during which we took a deficit of $290 billion and moved it into surplus, become this huge deficit in just the last 3 years.

As Yogi Berra used to like to say, you can look it up. This is a matter of historic record. Every year during the Clinton administration, for 8 straight years, the bottom line of the budget got better. It moved out of deficit into surplus. Every year for 8 straight years it got better. Every year, for the last 4 years, the bottom line of the Bush administration's budget has gotten worse and worse and worse, until we now find ourselves with a budget deficit of over $520 billion this year.

The Congressional Budget Office took the President's budget in February of this year, as they are required to do, and in March they sent us their analysis of that budget. They told the Congress that if we adopt and implement the President's budget as he has proposed it, then over the next 10 years the Federal Government will accumulate $5.132 trillion of additional debt to be added to the $7.4 trillion of debt we already have, and in which case we will leave our children a negative legacy of unheralded, unprecedented proportion. We will be $13 trillion in debt on top of a Social Security program that is underfunded and on top of a Medicare program which is even more underfunded.

Now, just as a preface to other remarks that other Members are going to make, let me give a quick summary of where we are. This was the surplus that was projected for this year, $397 billion, only 3 years ago. This is what CBO says it is going to be: $477 billion. If you want to see a roller coaster ride, here it is: $290 billion. That is the deficit the Clinton administration inherited. They turned it, through 8 years of fiscal discipline and unrelenting attention to the deficit, which is one of the top priorities of the government, to a surplus of $236 billion, the largest in the Nation's history.

This is what has happened since Mr. Bush came to office: A precipitous decline from a surplus of $236 billion to a deficit of $477 billion, according to the Congressional Budget Office. And here is the dire prediction for the future: There will be a little bounce, a little uptick due to the economy, but the prediction of the Congressional Budget Office is that these numbers will only deteriorate over time.

We developed during the 1990s a series of budget process rules that helped us bring to heel these deficits, diminishing every year and moving the budget so into surplus. They were embodied in an act called the Budget Enforcement Act of 1990. A lot of people scoffed at this. I was here. They said Congress is dodging the problem again. They are coming up with procedural rules instead of substantive changes in the budget. But two of the rules we adopted were of signal success. One was a rule called PAYGO, which I will come back to in just a minute. The other was a rule called discretionary spending caps.

In effect, what we did was impose a numeric or dollar cap every year for 5 successive fiscal years on discretionary spending, the amount of money that we appropriate every year in 13 different appropriation bills. That is different from entitlement spending, which is mandatory spending and is not changed annually. The discretionary spending caps were imposed in 1990 in an agreement we made with the current President Bush's father and reimposed in 1993. When President Clinton came in, a new set of numbers was imposed as our targets, or mandatory ceiling on spending, and then finally in 1997 they were extended once again. They worked.

But there was another rule that worked even more significantly, and that was the PAYGO rule. The PAYGO rule simply stipulated this: It provided that if any Member of the House or any committee wanted to increase an entitlement, then it had to be paid for. That simple. It had to be paid for, or another entitlement had to be cut by a commensurate amount so that the effect of that enhancement in benefits was neutral upon the deficit, the bottom line of the budget.

By the same token, the PAYGO rule applied to taxes, and tax cuts in particular. And what it provided was that if you want to bring a tax cut to the floor of the House while we have a budget deep in deficit, then it cannot have an impact upon the deficit and make the deficit worsen. You must do one of two things: You must either identify another tax increase to offset your tax decrease, or take some permanent spending, entitlement spending, and cut it by an amount over 5 years equal to the amount of our revenue reduction affected by the tax cut. That was the so-called PAYGO spending rule.

We are going to talk about that tonight, because one of the bones of contention right now in the budget resolution conference, which is ongoing, is whether or not we should take those rules, which were developed and successfully employed in the 1990s, to the extent that we put the budget back in surplus, take them in the form that they were proposed and used in the past, or whether we will take some faint facsimile of those rules and impose it.

In particular, when the House passed the Republican resolution several weeks ago, they included in it the recommendation that a PAYGO rule be reinstated, but it was a one-edge PAYGO rule. It applied only to entitlement increases. It did not apply to tax cuts. Even though an entitlement increase has the same impact as a tax cut upon the bottom line of the budget, the tax cut aspect was left out. So it is half a loaf, half a bill, and half a rule.

One of the reasons that the budget resolution is stuck in conference right now is that there are others in the other body who disagree with that position, who realize that we have an intractable problem on our hands, and apt to get worse unless we do something dramatic and develop a plan to deal with it. For starters, we have two proven rules, rules that worked in the 1990s, a PAYGO rule being one of them, and there are lots of us who would like to impose those rules again so we can begin attacking this horrendous problem.

And not just for our generation. No, the real problem of the deficits occurring today are for our children and grandchildren, because we are shoving off onto them the debt with a budget that we will not fully fund ourselves.

Mr. Speaker, I would like now to yield to the gentlewoman from Nevada (Ms. BERKLEY) for comments along the lines of the PAYGO rule and other aspects of the budget.

Ms. BERKLEY. Mr. Speaker, I thank the gentleman from South Carolina (Mr. SPRATT) for allowing me to speak on this very critical issue. As he well knows, I voted for the first Bush tax cut, and I voted to eliminate estate taxes and to eliminate the marriage penalty tax, so I am hardly opposed to cutting taxes. But I do rise tonight to voice my strong objections to the Republican budget, which threatens increased deficits and neglects many of our Nation's top priorities in favor of continued and irresponsible tax cuts.

The President and the Republican leaders of the House talk about their commitment to reducing the deficit and the tax burdens on families, protecting the security of our Nation, guarding the Social Security Trust Fund and improving the health care and education systems in this country. However, when it comes to funding these important initiatives, their words are simply not supported by their deeds.

The 2005 Republican budget proposal is reckless, in my opinion, fiscally irresponsible, and filled with misguided budget priorities. Let me give some examples.

The Republican budget drastically cuts nearly all domestic programs after 2005, an interesting date since the election is 2004, including cuts to critical education and training programs, health care and environmental programs, and veterans' medical programs. Additionally, we are a country at war, yet in his budget the President provides no funding for the war in Iraq. This simply defies logic.

This Nation has gone from a projected $5.6 trillion surplus in 2001 to a projected $2.9 trillion deficit in 2011, as the gentleman so eloquently stated in his opening remarks. This year's deficit is fast approaching $500 billion and will only continue to grow under the GOP budget.

Ultimately it is our American families that are going to pay now and will continue to pay for this administration's fiscal irresponsibility. American baby boomers and retirees will suffer greatly under this Republican budget. The Republican proposal spends the entire $1 trillion Social Security surplus from 2005 to 2009 by creating additional and unwise tax cuts. The total cost of the Republicans' latest tax cut is more than enough to make up for the Social Security and Medicare solvency for the next 75 years.

Foolish spending threatens the livelihood of hundreds of thousands of retirees in my home State of Nevada and millions of retirees across America, not to mention the financial security of future generations. But as my colleague from South Carolina knows, perhaps the most egregious cut of all are the cuts in funds to our veterans' programs.

As thousands of brave men and women are fighting for this country in Iraq, in Afghanistan, and elsewhere abroad, it is outrageous that the Republican budget calls for cuts in funding for veterans' programs.

□ 2045

Mr. Speaker, the House Republican budget provides $1.3 billion less than what the Committee on Veterans' Affairs on which I serve has determined is needed just to maintain vital health care programs for our veterans. All of these cuts are certain to result in decreased spending on long-term care programs, which veterans in Las Vegas and throughout the country depend on. Many aging veterans in Las Vegas require more care than their families can provide. Our veterans must know that they can count on our VA to supply the care they have earned through their military service.

Those on the front line who are sacrificing their personal safety should not have to worry that the VA budget cuts will deny them the quality health care they need and deserve. We must send them a message that we are indebted to their sacrifices and that we remain committed to our promises to increase funding levels to meet their needs in Las Vegas and throughout the Nation.

We have all heard Republicans talk about their commitment to education. Yet their budget provides $8.8 billion less than what is authorized for education programs in the Leave No Child Behind Act. This lack of funding will mean cuts in such vital initiatives like drop-out prevention programs and after-school programs. These programs are especially important to my district and the community of Las Vegas that I represent because we have one of the highest dropout rates in the Nation.

Republicans also shortchange higher education in their budget. The Republicans propose to freeze the Pell grant award level for the third year in a row, making the dream of higher education unattainable for thousands of lower- and middle-income students. These are the very people that I represent. They are first generation college goers who want to go to Nevada colleges and universities, and they cannot afford it without Pell grants.

Families in Las Vegas and across the country will receive little assistance in obtaining health care coverage under this budget. The Republican plan forces severe cuts in the Medicaid program, shifting most of the cost of Medicaid onto the States, many of which are already, like the State of Nevada, facing their own fiscal crises. In Nevada, this shift would result in children, the disabled, and families being cut out of the Medicare rolls, as well as reduce benefits and increase cost-sharing for those who need the assistance the most.

The Republican budget also cuts training for nurses. Without adequate training for nurses, Nevada, which has the lowest ratio of nurses to the population, will be unable to hire the trained nurses needed to provide quality care. But despite all of our needs, despite the cuts in education and veterans benefits and health care, all of the issues that make quality of life in this Nation, and certainly in my communities, important, the President has called for a nearly $900 million increase in funding for the Yucca Mountain project, which will result in 77,000 tons of toxic nuclear waste being dumped in Nevada less than 90 miles from Las Vegas.

The President's call for this additional funding flies in the face of his repeated promises to protect the security of the United States here at home in the wake of September 11. Under the Yucca Mountain project, thousands of shipments of nuclear waste would cross this Nation on their way to Nevada. One terrorist attack on a shipment could unleash high-level nuclear waste, the most deadly substance known to man, potentially threatening lives and causing billions of dollars in environmental damage.

The Republican budget is a blueprint for disaster. While the President and the Republican majority talk a good game, our veterans and our students and teachers and police officers and fire fighters, our nurses and our seniors will all suffer as a result of the misplaced priorities inherent in this 2005 Republican budget.

When I came to Congress, I came to represent the people of southern Nevada. If we do not speak up and if the rest of Congress does not join you in this clarion call to take another look at this budget and do what is right by our American citizens, who will speak out for them? I want to thank the gentleman from South Carolina for sharing with the American public exactly what is going on in this Chamber and hopefully changing minds so we can get some fiscal responsibility and do what is right for the people we represent.

Mr. SPRATT. Mr. Speaker, I yield to the gentleman from Maine (Mr. ALLEN).

Mr. ALLEN. Mr. Speaker, the people of South Carolina are well served by the gentleman from South Carolina (Mr. SPRATT) for the clarity that he brings to this debate on the budget, a far cry, I might say, from what our friends on the majority side of the aisle have been doing.

When we start talking about PAYGO rules, it may sound technical and difficult to understand, but it really is not: pay as you go. It is very simple. Everyone should be able to get this.

The rules that were in effect from 1990 to 2002 provided if a Member of Congress wanted to increase spending on a certain item, then he would have to decrease spending on another item or have a tax increase to pay for what he wanted to do. If, on the other hand, a Member of Congress wanted to propose a tax cut, he would have to at the same time reduce spending or he would have to increase some other form of taxes. Very simple, pay as you go.

It should not be hard, but the Republicans here have done something quite astonishing. They used to claim they were fiscal conservatives, and they still do, but they clearly are not because they have forgotten the basic connection between expenditures and revenues, between money coming in and money going out. Every American knows this relationship. In our personal budgets, we have money coming in and we have money going out. The money that we spend on things, they have to be in balance, or we wind up in great trouble. Everyone who has a business of any size knows you have money coming in and you have money going out, and they have to be in balance.

Only here in Washington does the Republican majority suggest that the revenues, the money coming in, do not matter. You do not even have to think about that; all you have to focus on is spending. The gentleman from South Carolina (Mr. SPRATT) has a chart that shows that spending as a percentage of our gross domestic product actually remains low compared to the past; but it is receipts, tax revenues, that have declined so dramatically.

Mr. SPRATT. Mr. Speaker, this is a bit difficult to follow, but once you understand it, it is a very graphic chart.

Basically what this shows is in the red line at the top is a course of outlays from the 1980s through the current period, 2004. What Members see here is when President Clinton came to office in 1992–1993, spending was at 22.5 percent of our gross domestic product. Federal spending constituted 22.5 percent of our GDP. That is about the point at which President Clinton came to office, and this may be a surprise to some people, but because of budget discipline, because of PAYGO, because of the discretionary spending caps, two different budget plans in 1993 and 1997, every year outlays came down. At the same time, we enhanced revenues. That is the politically polite way to put it. We increased the revenues to the government. They came up. At the point at which they crossed as a percentage of GDP, you have balance for the first time in 30 years because we worked on both sides of the ledger, adding revenues, holding back spending. We had a balanced budget for the first time in 30 years.

CBO, the Congressional Budget Office, was to look back on this period with some astonishment and appreciation and say 48 percent of the success achieved in eradicating the budget deficit during the 1990s was due to revenue increases, 52 percent was due to spending curbs, cuts, and decreases. There we have it right there.

Outlays continued to go down, and receipts continued to come up; and the difference between the two right there is the surplus that we had in the year 2000, $236 billion. But the blue line here, receipts plummeted with the tax cuts. The recession, plus the tax cuts, caused receipts to plummet while spending went up. We have the exact opposite of what we need in fiscal policy in order to bring or keep the budget in balance. We have increasing expenditures and decreasing revenues.

The Cato Foundation, which is probably the most conservative think tank in the United States, certainly in Washington, D.C., the Cato Group has said the Bush administration has succeeded in creating a fundamental mismatch at the base of our budget. They say we have Big Government spending and Little Government revenues, and the result is the deficit.

Mr. ALLEN. Mr. Speaker, the gentleman has a chart projecting future years, but one thing that is striking about the first 3 years of the Bush administration is outlays. Spending, has risen from 18.5 percent of gross domestic product up to over 20 percent of gross domestic product. So there has been an explosion in spending. At the same time, there has been a dramatic reduction in revenues. They have fallen from roughly 20 percent of gross domestic product down to about 16 percent of gross domestic product.

In fact, today, as we stand here today, Federal revenues as a percentage of our economy, Federal revenues as a percentage of our gross domestic product are at the lowest level since 1950, and there are Republicans in this Chamber who will say the problem is spending, but revenues are at the lowest level since 1950.

I would like to close with a quotation from the majority leader. He had a press conference 2 or 3 weeks ago, and he finally revealed in all of its confusion the underlying Republican philosophy and I use the word not information, not evidence, but philosophy. Here is what the gentleman from Texas (Mr. DELAY) said: ‘‘We, as a matter of philosophy, understand that when you cut taxes, the economy grows, and revenues to the government grow. The whole notion that you have to cut spending in order to cut taxes negates that philosophy, and so I am not interested in something that would negate our philosophy.’’

Listen to that again: ‘‘We, as a matter of philosophy,’’ not as a matter of economics, not as a matter of information, not as a factual matter, ‘‘We, as a matter of philosophy, understand that when you cut taxes, the economy grows, and revenues to the government grow.’’ Not true. CBO has made it clear over and over again that when you cut taxes, you cut revenues. Only in very, very rare historical circumstances, and the Kennedy tax cut may be one of those, only in rare historical circumstances can you cut taxes substantially and have revenues to the government actually increase.

But then we have this other statement which is really revealing. The gentleman from Texas (Mr. DELAY) stated: ‘‘The whole notion that you have to cut spending in order to cut taxes negates that philosophy, and so I am not interested in something that would negate our philosophy.’’

Mr. Speaker, I am old enough to remember ‘‘Dragnet.’’ I am old enough to remember Jack Webb, the L.A. detective who, whenever he was interviewing someone, said, ‘‘Just the facts, ma’am. All I want is just the facts.’’

What the gentleman from Texas (Mr. DELAY) is saying, do not bother me with the facts; I do not want to hear the facts because we have our philosophy, and our philosophy says we do not have to pay attention to the facts.

Great damage has been done to the country because the Republican majority in this House, President Bush and his Cabinet and members of the Senate, have not made economic sense. They have not paid attention to the simple fact that if we have huge tax cuts for the wealthiest people in this country, we reduce government revenues and drive us into deficit, and that is what they have done to this country. They are funding these tax cuts on the backs of our children because when the revenues are way below the spending, all they do is borrow. They are borrowing from our children in order to give the richest people in this country tax cuts, and nothing can make that philosophy make any sense. It is time, frankly, it was changed.

Mr. SPRATT. Mr. Speaker, I yield to the gentleman from North Carolina (Mr. ETHERIDGE).

Mr. ETHERIDGE. Mr. Speaker, I say with all sincerity to the gentleman from South Carolina (Mr. SPRATT), he brings a lot of common sense to this body.

Mr. Speaker, I was in business for a number of years before I came to Washington.

□ 2100

There is one thing that I learned very quickly. If we drive the debt up, soon enough we will go broke. As some of my folks at home will say, we cannot borrow ourselves rich. And we are trying to do that. And I do not think anyone in this body can believe we can keep running deficits this large.

I just ran some numbers on the material the gentleman provided us. Just going out to 2009, in 2004 a family of four spent about $4,380 on average in debt in this country. But by 2009 that will be $6,985 just using the current numbers. That is assuming, Mr. Speaker, that things do not change for the worse. That is using the best numbers I understand for the economy to grow and then no more tax cuts that are proposed in the current budget or revenue losses. That is a 59 percent increase in the debt load on families.

Today I was in two schools talking with children about the importance of reading, about their future, about how important it was to do the things right to make a difference, looking into those faces and thinking what a burden we are placing on them. It is a shame because my colleague from Maine is absolutely right. We are using borrowed money from our children to enjoy the good life on a credit card; and we are taking the Social Security trust funds from the seniors who are now waiting for the benefits and using that, and between those two issues, we are living the good life and we are not paying our way. We are not paying our way. And it is wrong any way we cut it. It would be wrong if we were doing it as Democrats, and it is absolutely wrong for our Republican colleagues to stand with a straight face and say we are giving them prosperity. Because I promise this: I was in business when I remember interest rates going through the roof, and I will promise tonight that this kind of policy is going to drive interest rates up again. And all the money that we are borrowing to feed this deficit, a large portion of it is coming from overseas.

It startles me and shocks me and baffles me, too. I am not really sure the American people understand that they are going to have the Chinese setting our interest rate at some point because they are buying a lot of this debt and a lot of our trading partners around the world. And ultimately we are going to have to meet that bill. When we look at the amount of debt today without any changes and where it is going to hit, I am not sure our colleagues or the people who might be watching us tonight know what PAYGO is. They do not know what it is. But I tell the Members what they do know. They know that we cannot spend more than we have. And they understand that, as many of the farmers in the gentleman’s State and my State who have seen their tobacco allotments cut in half, there is one thing they know tonight: they are not spending as much this year as they spent 5 years ago, and they are not going to spend as much next year because they are going to have to cut their spending back to meet their revenues. What our colleagues tell us is that we can have it all. We can have it all.

We cannot have it all. If we do, our children are going to be the poorer for it. And this budget, if it comes back without a plan to balance on both ends, on revenues as well as expenditures, we are doing an injustice to ourselves but a greater injustice to our children. And those children, I looked in their faces today. That is why they tell us we cannot build schools. We do not have the money. And yet we say to these children they are the ones we are going to depend on to build a bright future we want to see in the 21st century.

I thank the gentleman for bringing this to our attention tonight and for sharing with this body and with the people around this country, because they need to understand that this plan is headed for a train wreck. It may not be this year, it may not be next year, but it is coming. We cannot keep piling on debt and not paying the bills, and that is really what is happening.

And it is amazing to me that this administration in this short period of time will increase the debt at this level and this Congress has added to it. And the majority knows they have done it. They just do not want to stand up and meet their obligations. Because higher interest rates will eat away all the benefits that middle income and others have had. We may have lower interest rates today, but we let them add two points or three points, and that will happen. It may not be this month, it may not be this year, but I guarantee it will come in the next several years.

I thank the gentleman.

Mr. SPRATT. Mr. Speaker, I thank the gentleman from North Carolina for his comments.

I yield to the gentleman from Oregon (Mr. BLUMENAUER).

Mr. BLUMENAUER. Mr. Speaker, I thank the gentleman from South Carolina (Mr. SPRATT) for yielding. I appreciate his leading these discussions on one of the most important issues that simply does make some people's eyes glaze over; but I think he has documented simple declarative sentences, and it does not have to be this hard.

It is very clear that we are on a path here to have a massive increase in the debt tax. We are, in fact, abandoning principles that some of our friends on the other side of the aisle have in the past at least given lip service to.

I came over to the other side of the aisle this evening to see if it felt different somehow, if the numbers added up differently. They do not. I think, in fact, the information that the gentleman has gotten with his staff, and referring to accepted experts, institutes, independent analyses, suggests that even the situation that he documented a moment ago that was calculated according to the official rules that CBO has to follow actually disguises the true depth of the problem that is being created.

I wonder if the gentleman has some information about what the people who are using the artificial rules that Congress has given to CBO, assuming some of these taxes are going to be expiring and never be renewed, I wonder if he has some information that independent analyses would offer up for what the long-term budget outlook is likely to be.

Mr. SPRATT. Mr. Speaker, we do indeed. I was just looking for the chart that is most applicable. This is one right here. And what we have done here on the bottom line is we have taken, first of all, the baseline projection of the Congressional Budget Office; and as the gentleman noted, they have to assume certain things because those are the rules handed down to them by law.

But we have adjusted their projection for political reality. For example, we have assumed that there would be some continuing expenditures for Iraq and Afghanistan. We have assumed that many of the Bush tax cuts when they reach the expiration date, because most of them have implanted in them a sunset expiration date, that is the way they will pass to begin with, that most, when they reach that sunset date, will, in fact, be renewed and therefore the revenues will not be recouped. When we do that, what we find is that the deficit improves a bit. We get a bounce from the recovery we are experiencing right now. We are not stuck at 521. It improves to about $389 billion next year and then bottoms out in the range of the mid-$300 billion level until we get to the far end of our table, at which point it declines again to about $500 billion. So, essentially, we tread water.

The deficit does not get better. And this is a point everyone should understand: the Congressional Budget Office, the Office of Management and Budget, in making these dire predictions of unending deficits, this assumes a growing economy, a robust economy, growing at 3, 3½ percent a year, even more this year. And notwithstanding the growth, the budget does not grow out of the deficit. It assumes that the economy will be on a pretty even keel for all of this period of time and still we will have these deficits when we know, as the gentleman from North Carolina (Mr. ETHERIDGE) just said, I do not think this economy can sustain the growth rate we are at right now with the deficits of the magnitude that we are looking at

Mr. ETHERIDGE. Mr. Speaker, will the gentleman yield?

Mr. SPRATT. I yield to the gentleman from North Carolina.

Mr. ETHERIDGE. Mr. Speaker, I want to make sure I understand the gentleman and the gentleman from Oregon (Mr. BLUMENAUER). Is the gentleman saying the public debt is going to continue to increase?

Mr. SPRATT. Mr. Speaker, no question about it. This year for the second year in 3 years, we will have a mammoth increase in the debt. Last year alone we had a 1-year increase of $900 billion in the debt. We will have to increase that debt limit again before we leave here this year, or we will be perilously close to bumping the ceiling.

I yield to the gentleman from Oregon (Mr. BLUMENAUER).

Mr. BLUMENAUER. Mr. Speaker, just one other thing. I did have a few comments I wanted to share, but I wanted to get the context set here. Would the gentleman comment about what happens with the massive amount of extra Social Security that we are collecting. As the gentleman knows, Mr. Greenspan famously of late suggested that we might have to cut Social Security benefits along with making these tax cuts permanent.

Mr. SPRATT. Mr. Speaker, the gentleman has been here for some time, and he knows that during the late 1990s and in the early years of this century, we all took solemn vows out here, different forms. We had something called the ''lockbox,'' corny title, serious subject, because essentially what he said was that now that we finally have a surplus for the first time in 30 years, we are going to foreswear forever borrowing from the Social Security and Medicare trust funds again. Those trust funds have been building up balances in anticipation of the retirement of the baby boomers ever since 1983. And ever since 1983 until about the year 2000 when we finally hit surplus, we have borrowed to make ends meet from the Social Security trust fund. We have given the trust fund a bond back, but in effect the government has borrowed from these trust funds.

Both Houses, both parties, everybody subscribed to the notion that we should quit that practice. Guess what? The Bush administration's budget every year that we have a projection from OMB or CBO, regardless of who it may be, everybody projects that every year fully the budget will consume the Social Security trust fund surplus and the Medicare trust fund surplus. And they are not small numbers; $160 billion for Social Security, 20 to $30 billion per year for Medicare. Every year, every year, when we give the number $521 billion, we have already taken the surplus in those two trust fund accounts, consolidated it with the other accounts which are in the red, in deficit, and offset or diminished the deficit by the amount of the surpluses this year.

Mr. BLUMENAUER. Mr. Speaker, I appreciate the gentleman's clarifying that because as disturbing as the previous chart was——

Mr. SPRATT. It is actually worse.

Mr. BLUMENAUER. Talking about locking us into $500 billion up to maybe improve up to $350 or $370 billion and then trailing off again to that half trillion dollar level, what, in fact, if I understand what the gentleman is saying, that we are consuming, on top of that, all of the Social Security surplus; so actually it is approaching, over the life of what we can project with reasonable accuracy, a trillion dollars in ultimate debt compounded, this is added, year after year after year.

Mr. SPRATT. Mr. Speaker, the gentleman is absolutely correct.

Mr. BLUMENAUER. Mr. Speaker, I did want to commend the gentleman for taking the time to focus in on this critical element of why we are really hung up. The Republican House and the Republican Senate cannot really reconcile what they want to do with the budget resolution because they are unable to agree amongst themselves about how far to extend these PAYGO rules.

□ 2115

I would like to say that I think anybody in America listening to what you brought forth here this evening needs to understand what the stakes are and why people should be rooting for the other body in extending this important principle across the board, spending as well as taxation.

I am of the opinion that this does not have to be a partisan issue. Like most Members, I was back in my district for 2 weeks, morning, noon and night, listening to people from all walks of life, and with particular attention on April 15, on tax day, and I found that the people understood what the gentleman is talking about at several levels.

Everybody would like dessert, a tax cut, but they understand that this budget is hemorrhaging red ink. They understand the debt tax that is already over $4,000 for a family of four right now, moving towards $7,000 in just a few years. But that is the tip of the iceberg, because if interest rates start to spike, and I agree with my colleague from North Carolina, it is miraculously not going to happen before election day, but as sure as we are standing here, they are going to be moving relentlessly upward next year. And, again, our colleague pointed out how much of this debt is in foreign hands, increasingly Chinese, where we lose control over people who are involved with our debt markets.

Mr. SPRATT. Mr. Speaker, reclaiming my time, just for clarification and an additional point, one beneficial result of our fiscal policies in the 1990s was that we brought down the national debt by $400 billion between 1998 and 2001. We also, because the government was not borrowing money, but actually putting money into the pool of savings in this country, helped bring down interest rates. As a result, debt service, the interest paid on the national debt, net interest paid on the national debt, dropped from around $240 billion to $250 billion a year to about $160 billion a year. That is a dividend that we had available to do things that people needed and wanted us to do.

Because of the Bush administration policies, that interest payment is going to go up steadily, so that 10 years from now, if we follow the course that CBO plots for the President's budget in its March analysis, debt service, interest paid on the national debt, will be close to $370 billion. It will more than double from its current level.

What does that do? That is $370 billion we will not have for education in North Carolina where the gentleman from North Carolina (Mr. ETHERIDGE) used to be the superintendent of education. That is $300 billion we will not have for the environment in Oregon, which is a near and dear thing to the heart of the gentleman.

Furthermore, it builds a sort of cynicism about our government, because people will pay substantial taxes. These are not tax cuts. When you are borrowing the money to finance the tax cut, you are just postponing the event, the inevitable. What will happen is people will be paying more in debt taxes and not seeing anything in return for it, and they become cynical of our government, because so much of what they pay in taxes goes up in smoke, so to speak, because it goes to interest payments.

Mr. BLUMENAUER. Mr. Speaker, I would just conclude with two points, because I agree with what the gentleman is saying, it resonates with me, and I am quite confident that it resonates on the part of most Americans who are dealing with this as a kitchen table issue. They would rather have their debt tax cut, reduce those deficits, than have a couple of dollars in a tax cut that really does not accrue to most average Americans.

I want to just indicate that there are two lines of argument that I find fully specious, one being that somehow this PAYGO concept, pay as you go, for expenditures of the budget or tax expenditures, is somehow biased against cutting the budget. I think if we require the people running around here who want to cut taxes to have to pay for it, it will actually make it more likely that spending will be cut, not less. I must confess that the gentleman's rule, as I read it, is agnostic as to whether taxes should be cut or not. It is just you pay for it.

I happen to want to cut the alternative minimum tax, which is creeping up on American families and is going to hit them like a sledgehammer over the course of the next couple of years. But I think, in fairness, people who care about that ought to be required to offset it in some fashion.

I appreciate the work the gentleman is doing and the opportunity to join the gentleman in this important conversation this evening.

Mr. SPRATT. I thank the gentleman for participating.

I yield to the gentleman from North Carolina (Mr. ETHERIDGE).

Mr. ETHERIDGE. Mr. Speaker, I have just a question, if I may, on clarification as we get ready to wind down, because I want to make sure I understand what the gentleman said earlier.

Did I understand the gentleman to say that President Bush inherited a projected $6.6 trillion surplus?

Mr. SPRATT. Mr. Speaker, $5.6 trillion was the estimate of the surplus by his own budget shop, the Office of Management and Budget, $5.6 trillion between 2002 and 2011.

Mr. ETHERIDGE. Whether that was accurate or not, I am not going to get into that.

Mr. SPRATT. It turns out it was not. Now they have recanted and said it was probably overstated by 55 percent.

Mr. ETHERIDGE. Did he not also promise during the campaign when he came in office to protect Social Security and not invade it?

Mr. SPRATT. Everybody promised. Both parties, both the White House and the Congress, promised that never again, now that we were finally in this position, would we borrow from Social Security and spend the proceeds again. But that is the inevitable consequence. When you reduce that $5.6 trillion projected surplus by 55 percent, the result is about $2.6 trillion instead of $5.6 trillion. That $2.6 trillion is roughly equal to what is in the Social Security Trust Fund, so if you wanted to keep your promise now that you have adjusted downward the realistic estimate of the surplus, there was no room for additional tax cuts without violating that solemn promise never again to dip into the Social Security Trust Fund to pay for the operation of the government.

Mr. ETHERIDGE. I thank the gentleman for his clarification. I think folks understand that.

Mr. SPRATT. Mr. Speaker, I would just like to make a few points in closing about the budget.

It is often said, particularly by the President and by others, that we have had an explosion of spending. Indeed, there has been an increase in spending, a big increase in spending, in the last 3 years. But this chart, these four bar graphs show that 90 to 95 percent of the increase in spending over the last 4 years has occurred in defense, homeland security, an account that did not even exist in the budget a couple of years ago, our response to 9/11, the bailout of New York City, the bailout of the airlines, and this is where most of the spending growth remains in the budget.

The President has a budget which he claims will cut the deficit in half in 5 years, but he leaves out one major element, among others: He makes no provision for what it will cost to maintain 125,000 to 135,000 troops in Iraq and another 12,000 in Afghanistan. When the cost of that is added to it, he does not come anywhere close to his claim of cutting the deficit in half over 5 years.

The President has also said the tax cuts were necessary because we have had horrendous job losses, and it is true. Our economy went into recession in March of 2001 and came out in November of 2001. It was a short and shallow recession, but the effect on jobs has persisted. This is the first administration since the Hoover administration not to see a substantial increase in jobs during its tenure. We have had a loss in the private sector of 2.7 million jobs, unrecovered since the start and duration of the recession.

So what has happened, despite the $2 trillion to $3 trillion in tax cuts measured over 10 years that we have had in 2001, 2002 and 2003 under the Bush administration, this is the curve here for what the postwar recession typically has been. It has lasted about 27 months. You would have a downturn for 13 or 14 months, an upturn for 13 or 14 months. By the 27th month, the jobs lost would be regained.

Look what happened in this recession.

Notwithstanding three successive substantial tax cuts, we still have a loss of 2.7 million jobs in this country. That is a fact. As was said, once again, you can look it up. You can get it from the Department of Labor.

One other point I would like to make before closing is Social Security and Medicare. One reason that we are so concerned about the deficit, the mounting national debt, is that in 2008 we will have a demographic change in this country like none we have ever seen. The baby-boomers will begin to retire.

There are 77 million of them marching to their retirement right now. They are already born. They are not going anywhere. They will soon be claiming Social Security and then their Medicare, and in 10 to 20 years the number of people on Medicare and Social Security will almost double. The resources required will be substantial for those two programs, which are underfunded.

Most people look at these numbers and say there is no way feasible to deal with this problem, we will just have to restructure the programs. That means we will have to cut benefits, we will have to reconfigure the programs, cut the costs in order to make them affordable.

In truth, if you look at the first bar graph over here, this big fat bar graph of $14.2 trillion at the top, that is the total amount, the present value of all the tax cuts that the 2001, 2002 and 2003 tax cut laws will necessitate or allow over the next 75 years, 75 years being the timeframe we look to make Social Security solvent.

If you compare the requirements that would be imposed, that are imposed to make Social Security solvent and Medicare solvent, the two come to $11.9 trillion, the green and the blue here. So the amount of these tax cuts over 75 years is actually more than what is required to make Social Security and Medicare solvent.

We can have this. So those who say this is a set of circumstances we did not foresee and could not control, here is the answer: These are freely chosen policies, and they choose. They choose additional debt, additional deficits, over deficit reduction, and they choose tax cuts over Social Security solvency.

There is a choice here. There is a deliberate choice being made. Those who today say we are victims of circumstance will say the same thing then, but here is the proof right now. If you want to save Social Security, the wherewithal is there to do it, if you do not prefer doing it otherwise for tax purposes.

TAX FREEDOM DAY MOVING UP BECAUSE OF TAX CUTS

The SPEAKER pro tempore (Mr. BURNS). Under the Speaker's announced policy of January 7, 2003, the gentleman from New Mexico (Mr. PEARCE) is recognized for 60 minutes as the designee of the majority leader.

Mr. PEARCE. Mr. Speaker, as most of the Members did, I just concluded about 16 days in my home district. We had visits about Medicare for the first week and about the economy and the job growth for the second, first of all, addressing concerns and answering questions.

Mr. Speaker, I will tell you that as I talked to my constituents about the prescription drug Medicare bill, there was a deep understanding that we have done significant work here, first of all, in creating the benefit for our seniors that is desperately needed, but, secondly, causing deep reforms in the Medicare program which should begin to increase the financial stability of that program.

Mr. Speaker, while we were home, there was a dramatic event. During my entire life, I have seen Tax Freedom Day, that day which every American works up until that time to provide their entire income for the Federal Government. That Tax Freedom Day has been as far out as the middle of May, tending toward the first of June.

Mr. Speaker, this year, because of the tax cuts created during the last 3 years, Tax Freedom Day came on April 11. That means every American worked their entire workweek for the Federal Government up to April 11, but those days from April 11 on to December 31, they are working to use the money for their families, for the education of their families, for just the rent, paying for their house, owning a car, or those things that the American dream really entails.

□ 2130

Mr. Speaker, it is extremely important that we are beginning to cause Tax Freedom Day to move back toward January 1, rather than further out toward December 31. We should work less for the government and more for our families.

I will tell my colleagues, Mr. Speaker, that without doubt the family is the key building block of society. Strong families create strong individuals. And strong individuals create strong countries. That is exactly the paradigm that we should be following and have followed in this country throughout our history.

And as we tax less and put more into the pockets of hard-working Americans, I will tell my colleagues, Mr. Speaker, that the strength of the family increases, thereby increasing the strength of our country.

Mr. Speaker, one of the questions that comes up, and it is a fair question, why are we in the economic straits that we are in? What things have contributed to the financial situation that this country faces?

Mr. Speaker, the first event which really shocked our economy, and there have been three deep events that shocked our economy, and it is instructive that we would remember all three of those, but the first of them was the collapse of the dot-com economy.

Most Americans will remember in the late 1990s that the dot-com industry had really sprung up from very little to something significant, companies that really did not have product. They were not even selling anything. They had no cash flow, no revenues. Those stocks were escalating from no value to $200 and $300 value.

Just the capital gains tax off of those sales of stocks began to thrust our growth curves upward. It was primarily due to those capital gains taxes, Mr. Speaker, that we were seeing what economists and what politicians felt like were surplus as far as the eye could see. We remember those days at the end of the Clinton administration where there were the surpluses as far as the eye could see, but they were based on stock values that really had no foundation under them. It was an explosion in value that was driven by emotion, but not fact.

Now, that collapse in the dot-com industry came, as well it should have. Stocks absolutely at some point have to have something to back them up. That collapse came, brought us back down actually to the same level of economy we had been sustaining, about a 3.5 percent of growth. It was the incline up, then it bubbled back over. And after the collapse we had about a 3.5 percent rate of growth.

That shock into our economy was significant, though, shocking us into a mild recession, one that we should have come out from fairly soon. But just as we were coming up out of that recession, 9/11 came without warning. Now, that was a significant shock on the economy, Mr. Speaker. That shock, by the estimates of some, cost $2 trillion and over 2,000 lives. $2 trillion needs to be put into the perspective that our total economy is in the $11 trillion range, so approximately 20 percent of our economic size was taken out of the economy in one day.

When people are concerned about the cost of the war on terror, and it is extremely high, no doubt about it, if we assume that we are up to around $200 billion at this point, Mr. Speaker, it still is only about one-tenth of what that one day cost on 9/11 was.

That shocked our economy on the heels of the dot-com collapse into a deeper recession and continuing difficulties. But until 9/11, several things had happened. In those eras and those times of surpluses as far as the eye could see, both the Federal Government and the State governments began to reorient their spending, beginning to pay for programs that had long been underfunded.

It is a complaint of our friends across the aisle, and that is fine that they would complain about it, that spending increased tremendously under President Bush. But I will tell you that some of the areas that the spending increased in are the very ones they are criticizing as underfunding.